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SUBJECT: HIGH-LEVEL RUSSIAN BUSINESS DELEGATION TO
WASHINGTON LOOKING TO MAKE AN IMPACT

Classified By: Ambassador John R. Beyrle for Reasons 1.4 (b/d)

Summary

¶1. (C) In a March 10 meeting with the Ambassador, Russian businessman Viktor Vekselberg, who is heading a high-level Russian business delegation to Washington this week, said the GOR had attached great importance to the delegation and its reception. The Ambassador responded that the timing was ideal and offered the delegation an opportunity to advance relations and to ease concerns that the GOR would use the crisis to advance state control of the economy. Vekselberg suggested that both the U.S. and Russia look for ways to signal their intention to work together on economic issues. The Ambassador agreed and noted in that regard that a clear, senior GOR message of intent on WTO accession would be helpful. The Ambassador added that the two governments were discussing a revived economic dialogue, to include a linked business-to-business component. Vekselberg agreed it should be linked and accepted the Ambassador's invitation to meet after the delegation's return to discuss next steps. End Summary

Russian Business Delegation

¶2. (C) Vekselberg told the Ambassador he had discussed the visit of the delegation (which is also headed by Aleksander Shokhin, the president of RSPP, Russia's largest business organization) with both National Security Advisor Prihodko and Foreign Minister Lavrov. Although the delegation was private, he said both of the senior GOR officials had stressed its importance as the first high-level Russian delegation to visit Washington since President Obama's inauguration. Vekselberg said they had expressed their hope that the delegation would receive access in Washington commensurate with its importance.

¶3. (C) The Ambassador said we shared the GOR's view of the importance of the visit. Moreover, the timing of the trip was ideal -- coming on the heels of Secretary Clinton's meeting with Lavrov and in advance of President Obama's meeting with President Medvedev next month in London. Both governments were working hard to take advantage of the opportunity before us to improve relations. However, the Ambassador noted one timing problem: the Administration was new and not all of the key positions that such a delegation would normally meet with, such as the U.S. Trade Representative and the Secretary of Commerce, had been confirmed. This could affect which meetings the delegation

received.

Bilateral Economic and Commercial Relations

14. (C) The Ambassador said Secretary Clinton and Lavrov had discussed bilateral economic cooperation in Geneva and suggested that the delegation would find a receptive audience in Washington for the Russian business community's views on the economic crisis in Russia and the outlook for the Russian economy. In particular, he said there was a concern in Washington that the crisis could lead to greater state control over the economy and a further delay in needed market reforms.

15. (C) Vekselberg said he would offer his own personal views on the subject in Washington, namely that the crisis would not result in greater state control of the economy. Government and business have a close relationship but also a constructive one. He added that the government had resources with which to counter the crisis for the time being but that ultimately Russia's economic fate was tied to the global economy. Russia was primarily an exporter of raw materials and its economy would not recover until world demand for commodities rose.

16. (C) Vekselberg added that in his view, it was important that the U.S. and Russia send the world a signal about their improving relations. To that end, he suggested that we find one or two bilateral economic and commercial issues on which

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we could find early agreement. In that regard, he suggested that repeal of Jackson-Vanik would send a particularly strong message. In addition, he noted that it was important for the U.S. and Russia to find common ground, including in opposing protectionism, as the international community wrestled with reforming the global financial architecture.

17. (C) The Ambassador agreed that we should look for concrete, practical steps that could grow bilateral commercial relations to the extent that they became a "shock absorber" for problems elsewhere in the relationship. He stressed that the U.S. economy would remain open and noted that the new Administration, as had its predecessors, favored repeal of Jackson-Vanik. However, this required broad congressional support, which would take time. Russia's WTO accession was also clearly in both countries' interest, and it would be helped by a clear message from the GOR that Russia was committed to membership.

Dialogue

18. (C) The Ambassador said the two governments were also discussing how to revive the economic dialogue that we began last year, and which was to have had a business-to-business component and a government-to-government channel. The B2B dialogue need not be under the G2G, but there should be a formal link through which its recommendations were passed to the governments. He added that it was important that the B2B dialogue be as inclusive as possible.

19. (C) Vekselberg responded that on the Russian side, the RSPP-Chamber of Commerce dialogue was inclusive and was coordinated with the GOR. He agreed that the B2B process, while independent, should be linked to a G2G dialogue. In that regard, he noted that the two organizations were preparing a joint statement and said he would share it in advance with the Ambassador. He also accepted the Ambassador's invitation to meet after the delegation returned, for an informal discussion of practical steps that could be taken to improve bilateral economic and commercial relations.

Comment

¶11. (C) The RSPP delegation presents another opportunity to advance U.S.-Russian relations that we should seize now, as Russia looks to improve relations on a number of fronts. Vekselberg and his fellow oligarchs may have lost a lot of wealth the last six months, but they still have influence in Moscow and remain one of the key elite blocs supporting Russia's further international economic integration and further market reforms. Washington's message to the delegation should focus on the importance of finding common ground on Russia's WTO accession, which would provide critical momentum in the economic basket of bilateral issues, and on efforts to combat the financial crisis, including future reforms. We recommend this delegation be received at high levels in the Administration to underscore these points.
End Comment.

BEYRLE